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EGQ-A-

MAR 24 1954

Chief, EE
Attn:
Chief of Mission, Frankfurt

Operational/CART

CABALLETTA 2 Progress Report, 1 December 1953 to 1 March 1954

REF: (1) EGQA-31435 dated 14 December 1953
(2) EGQA-30592 dated 10 February 1954

1. References: Reference (1) forwarded to Headquarters a progress report on Subject covering the period July to November 1953. Reference (2) forwarded to Headquarters results of an LOFLUTER examination of Subject.

2. Present Status: Subject's work load in recent months has declined considerably. In the past three months he has performed twenty-eight cases, fifteen of which have been "debriefing" cases, e.g., cases picked from the Frankfurt telephone book, checked against Mission records, and funneled to Subject if Mission checks are negative. Thus, his workload has consisted of approximately four bona fide cases per month. The thirteen bona fide cases are outlined below:

a. One investigation of an individual owning a vehicle observed in a DRG safehouse area.

b. One investigation of the sister of an individual of peripheral REDCAP interest. Investigation involved a trip to Hildesheim, British Zone.

c. One investigation of an individual currently being processed by HARVARD. Investigation involved two trips to Gelsenkirchen, British Zone.

d. Three investigations of personnel of interest to the COM CE Section.

e. One investigation of an establishment considered by HARVARD as a possible place of employment for a disposal case.

f. Two investigations of German Mission service-type employees on whom possible derogatory field traces had been received.

g. One investigation of an individual of interest to the COM AR/CADORY Section for possible CE exploitation.

1 cc destroyed
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h. Completion of the three investigations described in paragraph 3 of reference (1).

3. Agent Information and Emigration: Subject received a blow to chances for completing his architecture studies in June 1954. He intended to start his final problem in April 1954 to enable him to complete his studies and receive his degree in June 1954. However, one of his four consulting professors felt he was not yet prepared for his final work and recommended that he wait until the Fall semester to commence his final problem. Subject could have appealed this decision but felt that such action was inadvisable inasmuch as the professor who considered him unprepared is to have charge of the June 1954 final examinations. Subject is confident that he will be considered "prepared" by the Fall and that he will be eligible to take the November 1954 final examinations. His planned emigration date is thus extended from June 1954 to November 1954. HARVARD has interceded with the Lutheran World Federation (LWF) on Subject's behalf, and he will be called before a visiting LWF Commission within three months for interview. Subject states that LWF officials have been very encouraging as to his emigration prospects. He has received one sworn statement from one Estonian-born first paper American vouching as to the military nature of his SS involvement. This statement has been forwarded to HARVARD.

4. Contact Information: Approximately eight meetings were held with Subject per month during the reporting period. Specific contact information remains as outlined in paragraph 5 of reference (1).

5. Cover: HARVARD provided Subject with a letter indicating that he was employed with the U. S. Forces in Germany in design work. This letter was submitted by Subject to the LWF for inclusion in his LWF dossier. It was considered advisable that Subject be listed in LWF records as having continuous employment since 1949 with IRO, IMCA-IMCA, and the U. S. Forces. Serious consideration was given possible consequences along income tax lines, and Subject is confident that no problems will arise. He has prepared a cover story for the LWF as to specific details of his U. S. Forces employment.

6. Personal Security: Subject's LOFLUTER results were considered to be favorable, and the undersigned concurs with the observation in EGQM-14682 that Subject's personal correspondence need no longer be so closely scrutinized. Headquarters action regarding the intercepts previously submitted is accepted and appreciated. With regard to Subject's tax situation as described in paragraph 8 of reference (1), during routine conversations on the matter Subject mentioned that he had devised his own personal "backstop" for the problem. The undersigned closely questioned Subject about this "backstop", and it was determined that an Estonian friend of Subject's father is engaged as a sales representative

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in Frankfurt. This Estonian friend has provided Subject with a letter thanking Subject for his "aid" in selling one thousand ice boxes to the Army Quartermaster Corps and advising Subject that his commission on the transaction was DM 5,000.00. Subject could use this letter to answer questions as to source of income brought up by German tax authorities and offer to pay tax on the DM 5,000.00. After preliminary discussion the undersigned instructed Subject to bring the letter to the next contact meeting, which he did. The Estonian friend is identified as point 32 c of Subject's PRQ Part I. Subject had previously stated to the undersigned that the individual identified in point 32 C of his PRQ Part I was formerly a CIC agent and that he was also a student of Subject's father when Subject's father was an instructor at the Estonian Military Academy. COM files verify that the friend was dropped without prejudice by an Allied Intelligence Agency on 5 February 1951. Subject further stated that this friend would "put his hand in fire for me" and that he would do the same for his friend. Inasmuch as the friend was previously utilized by CIC, he asked no questions when Subject broached the subject of the letter, and Subject states that his friend has neither asked nor been told anything regarding Subject's activities for us. Biographical data on the friend is forwarded under separate cover. It is requested that the name be checked in Headquarters files.

Subject was reprimanded for taking upon himself a step which so obviously required prior clearance with us. He admitted that if the matter had not come up in contact conversation he would not have informed us of the existence of the letter. He did, however, show no hesitancy once the matter was brought in the open.

7. Knowledgeability: as stated in paragraph 2 above, fifteen "debriefing" cases have been funneled to Subject and thus to Subject's German police contacts. In view of the low "bona fide" case load, this practice will continue on an even larger scale for the time being.

8. Finances: Subject's average expenditures for the reporting period were \$213.99 per month, or a total of \$641.97. He is thus, as of 1 March 1954, a total of \$121.61 below the amount budgeted for the initial FY 53-54 eight month period.

9. Conclusions: The status of Subject with regard to his decreased workload is currently under review. A report regarding recommended utilization or disposition of Subject pending his emigration is being prepared for submission to the Chief, Operations. Headquarters will be advised immediately upon the reaching of a decision as to his future.

APPROVED:

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1 - EE (Attn: KUSODA) " " "

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Date of Origin: 19 March 1954

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SEPARATE COVER ATTACHMENT TO EGQ-A

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MAR 24 1954

Helmut V. THOM
Born 28 April 1914, Estonia
Resides and is employed Vogtstrasse 46, Frankfurt/M

1 cc destroyed
11 MAY '54 SJA

Dist:

- 3 - EE (Attn: David C. SPICER)
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